



August 16, 2010

Jennifer J Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

RE: Docket ID OCC-2010-0011, R-1386, RIN 3064-AD60

Dear Ms. Johnson:

The following are the comments of Opportunity Fund on the agencies' hearings to review aspects of Community Reinvestment Act (CRA) regulations and how the agencies should revise them to better serve the goals of CRA and the needs of under-served communities. These revisions are particularly important because of the current lack of bank responsiveness to low-income communities and communities of color.

Opportunity Fund is a certified CDFI operating in the San Francisco Bay Area. We are the largest small business microlender in Northern California, and one of the two largest providers of Individual Development Accounts, or IDAs, in the nation. We also finance affordable housing and other community facilities. Since 1995, Opportunity Fund has invested \$175 million into the distressed neighborhoods of San Jose, San Francisco, Oakland and nearby cities.

The Community Reinvestment Act has promoted fair and equitable access to financial services for more than three decades. CRA has meant sound products that were offered to under-served communities and people as a result of interaction promoted by the CRA.

California is experiencing a devastating and growing economic crisis. The difficult straits of California's small businesses are a critical piece of this economic crisis and high unemployment that is only now beginning to receive attention. CRA evaluation and data collection can make a difference in promoting lending by financial institutions to small, minority-owned and women-owned institutions, particularly those in low-income communities.

The agencies need to revise the data collected on small businesses to reflect the current array of businesses and stimulate growth of small and micro businesses that employ more than half of all workers. Some key revisions include:

- It is positive that under the *Dodd-Frank Bill of 2010* lenders will be required to report race and gender of borrowers of small business loans, the census tract location of the business, action taken with respect to the application (approved or rejected), and revenue of the business. The agencies should immediately implement these data collection requirements.

- Data now collected looks only at businesses by revenue for those with annual revenue of \$1million or less annually. A huge portion of minority- and women-owned businesses have revenues of \$500,000 or less annually. Data should also be collected for loans less than \$250,000 and between \$251,000 and \$500,000 to businesses with revenues of \$1 million or less annually.
- Data for size of loans is now collected for loans less than \$100,000, between \$100,000 and \$250,000, and greater than \$250,000. Data on loans between \$250,000 and \$500,000 should also be collected.
- CRA examinations should compare overall small business lending to the proportion of lending to small, women-owned and minority-owned businesses in low-income neighborhoods as well as the overall amount of lending.
- Data should also be collected that shows the annual percentage rate (APR) of loans made.
- Data should be collected that distinguishes between term and revolving debt as well as interest rates.

One of the critical issues for small, minority-owned and women-owned businesses is the provision of business advisory services. These services may help a business avoid going deeper into debt by making their human resources, marketing or other efforts more efficient. They may also be deployed by lenders to help borrowers stay on time with their debt repayment.

Opportunity Fund looks forward to the implementation of these revisions to the regulations this year. Thank you for your attention to these important issues on behalf of small business owners in California and across the country.

Sincerely,



Eric Weaver
CEO and Founder